

## Message Text

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PAGE 01 MANILA 09185 011152Z

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ACTION EA-14

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 AGR-20

CIAE-00 COME-00 FRB-03 INR-11 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 L-03 H-03 PA-04 PRS-01 USIA-15 DRC-01

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R 010927Z AUG 74

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 5708

C O N F I D E N T I A L MANILA 9185

E.O. 11652: GDS

TAGS: EGEN, ETRD, RP

SUBJECT: SUGAR SHIPMENTS ENCOUNTERING FURTHER DELAY

REF: A. STATE 164718

B. MANILA 9120

1. UNCERTAINTIES WHICH REPORTEDLY TROUBLE U.S. SUGAR IMPORTERS REFLECT CONFUSION WHICH HAS RESULTED FROM DEFEAT OF SUGAR QUOTA LEGISLATION IN U.S. HOUSE OF REPRESENTATIVES. AS CONGRESSIONAL YEAR DRAGS BY, AND NO RPT NO AUTHORITATIVE INFORMATION REACHES MANILA CONCERNING PLANS TO REVIVE THE SUGAR BILL OR AT LEAST PROVIDE FOR EXTENSION CURRENT QUOTAS, I WOULD EXPECT CONFUSION TO BECOME COMPOUNDED.

2. PHILIPPINE AUTHORITIES CONTINUE TO ASSURE US OF THEIR INTENTION TO FULFILL ALL THEIR U.S. ENTITLEMENTS, EVEN THOUGH THESE HAVE NOW CLIMBED TO A LEVEL OF NEARLY 1.6 MILLION TONS. WE HAVE EVERY REASON TO ASSUME THAT THESE ASSURANCES ARE WELL FOUNDED, BECAUSE OF FUNDAMENTAL PHILIPPINE FAITH THAT THEIR SUGAR WILL CONTINUE TO BE ASSURED FAVORABLE ACCESS TO U.S. MARKET BEYOND 1974.

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PAGE 02 MANILA 09185 011152Z

3. IF, HOWEVER, NO RPT NO APPARENT EFFORT IS BEING MADE BY THE U.S. ADMINISTRATION TO PROVIDE FOR SUGAR QUOTAS BEYOND 1974 AND IF THE CURRENT HECTIC SITUATION IN THE WORLD SUGAR MARKET CONTINUES, IT WOULD BE ILLOGICAL FOR WASHINGTON TO EXPECT THAT PHILIPPINE SUPPLIERS WILL MEEKLY CONTINUE TO ACCEPT FUTURE OBLIGATIONS UNDER UNILATERALLY SET ENTITLEMENTS AND FOREGO OPPORTUNITIES FOR PROFIT IN OTHER MARKETS.

4. IT THEREFORE BECOMES INCREASINGLY ANOMALOUS FOR THIS EMBASSY TO CONTINUE TO HECTOR PHILIPPINE AUTHORITIES TO EXPEDITE SHIPMENTS IN THE ABSENCE OF ANY RPT ANY EVIDENCE THAT THE ADMINISTRATION IS MOVING WITH THE CONGRESS TO SALVAGE SUGAR LEGISLATION. IN FACT, AS WE TURN THE CORNER OF THIS SUMMER SEASON, WITH NO RPT NO MOVEMENT ON THIS SUBJECT, I WOULD ANTICIPATE THAT WE MAY REACH A POINT WHEN OUR PHILIPPINE FRIENDS MAY ADVISE US THAT THEIR FUTURE INTERESTS WILL REQUIRE THEM TO BEGIN TO TREAT THE UNITED STATES LIKE ANY OTHER COMPETITIVE BUYER. THE CONSEQUENCES OF SUCH A MOVE ON DOMESTIC U.S. PRICES OF SUGAR ARE NOT DIFFICULT TO IMAGINE.

5. CONSEQUENTLY, BEFORE WE RECEIVE ANY FURTHER INSTRUCTIONS TO BADGER PHILIPPINE AUTHORITIES ABOUT SUGAR SHIPMENTS, I WOULD APPRECIATE RECEIVING A DETAILED, AUTHORITATIVE ACCOUNT OF THE ACTION WHICH THE ADMINISTRATION IS TAKING TO REVIVE SUGAR LEGISLATION TOGETHER WITH AN ASSESSMENT OF ITS POTENTIAL SUCCESS. IF THE ANSWER IS ZERO ON BOTH COUNTS, I SHOULD LIKE TO KNOW THAT ALSO. BUT, IN THAT CASE, I WOULD SUGGEST THE DEPARTMENT SAVE ON CABLE COSTS BY REFRAINING FROM SENDING US ANY FURTHER INSTRUCTIONS TO PROD PHILIPPINE SHIPMENTS TO THE U.S. MARKET.  
SULLIVAN

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